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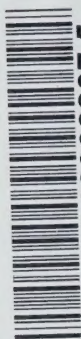
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SUBMISSION TO THE ROYAL COMMISSION ON ENERGY

BY

THE ALBERTA GAS TRUNK LINE COMPANY LIMITED

FEBRUARY 12, 1958



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SUBMISSION TO THE ROYAL COMMISSION ON ENERGY

BY

THE ALBERTA GAS TRUNK LINE COMPANY LIMITED

INTRODUCTION:

The Alberta Gas Trunk Line Company Limited (hereinafter referred to as "Trunk Line") wishes to explain briefly to this Commission the part now being played by Trunk Line in the gas industry of the Province of Alberta. At this date Trunk Line does not own any gas reserves and does not purchase or sell gas. It is engaged only in the business of transporting gas within the Province of Alberta and therefore the assistance which it can give this commission is very restricted.

INCORPORATION:

Trunk Line was incorporated by a special Act of the Legislative Assembly of the Province of Alberta, which Act came into force when it received Royal assent on April 8, 1954. A copy of the Act, with amendment thereto, is attached as Schedule I. The legislation was sponsored by the Government of the Province of Alberta and was not introduced in the Assembly as a Private Bill. On the other hand for the reasons hereinafter appearing, Trunk Line is not a Crown Corporation.

The corporation details are unusual and it will be helpful in coming to an understanding of the operations of the Company to briefly consider some of the sections of the incorporating Act;

(a) Capitalization (Section 5) - The authorized capital stock of the Company consists of 8,000,000 Class "A" common shares of the par value



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of \$5.00 with no voting rights attached to the shares and 2,002 Class "B" common shares of the par value of \$5.00 with voting rights attached to the shares.

(b) Class "B" (Voting) Shares (Sections 6 to 17 inclusive and Section 27, subsection 2) - The Class "B" shares are divided into four groups as follows:

1. 200 Class "B" common Group I which may be allotted only to Utility Companies as defined in Section 2 (h) of the Act.
2. 50 Class "B" common Group II which may be allotted only to Gas Export Companies as defined in Section 2 (d) of the Act.
3. 1750 Class "B" common Group III which may be allotted only to Gas Producers or Processors as defined in Section 2 (e) and (f) of the Act.
4. 2 Class "B" common Group IV which may be allotted only to Directors appointed by the Lieutenant Governor in Council to the Board of Directors of the Company.

The allotment of Class "B" common shares must be made by the Board of Directors in accordance with the provisions of Section 11 of the Act and by virtue of Section 8 such shares are non-transferable except under special circumstances provided for by Section 27, subsection 2. Under Section 9 if the holder of Class "B" common shares loses his qualification, his right to vote the shares is lost and unless a transfer of the shares is approved under Section 27, subsection 2, the shares revert to the Company.

(c) Directors: (Sections 17 to 25 inclusive) - The Board consists of five elected directors and two appointed directors. Section 18 provides that

no person shall be elected or appointed to the Board unless: (a) He is a Canadian citizen domiciled in Alberta and (b) He has been a resident of the Province for at least one year; and further provides that no member of the Government of Alberta and no member of the public service of Alberta shall be appointed to the Board. The Lieutenant Governor in Council appoints two Directors to the Board, Class "B" common Group I shareholders elect one director, Class "B" common Group II shareholders elect one director, Class "B" common Group III shareholders elect three directors. The powers of the Board are set out in Section 27.

(d) Powers: The powers of the Company are set forth in Section 13 of the Act and the exercise of these powers is restricted to the Province of Alberta by Section 14. Section 15 states that the Company shall not enter into any contract, agreement or arrangement with a gas export company whereby the gas export company gains or may gain any control over the affairs, functions, operations, management or business of the Company or its trunk lines or pipe lines and any contract that the Company enters into in contravention of the section is void.

ISSUED CAPITAL:

The Company has allotted and issued 925 Class "B" common shares as follows:

Group I	-	100 shares
Group II	-	6 shares
Group III	-	817 shares
Group IV	-	2 shares

All of these shares were issued at a price of \$5.00 net to the Company and no commission or discount was allowed on the shares. Schedule II contains a list of the Class "B" common shareholders as at December 31, 1957.

When the above-mentioned allotment of "B" shares was made, and pursuant to the power contained in Section 11, subsection 4 of the Act, the Board of Directors by By-Law required subscribers for Class "B" shares (other than Group IV) to subscribe for and purchase 160 Class "A" common shares with each Class "B" common share at a price of \$5.00 each, being the par value of the Class "A" shares. As a result the Company allotted and issued 147,680 Class "A" common shares at \$5.00 each. Subsequently a public offering of 2,552,320 Class "A" common shares was made by prospectus dated February 19, 1957. The offering price was \$5.25 per share, commission payable was 25¢ a share to net the treasury of the Company \$5.00 per share. The offering of these shares was restricted to residents of the Province of Alberta and the issue was heavily oversubscribed. The Company realized the sum of \$12,761,600.00 from the sale of the shares. As at December 31, 1957, there were 54,403 Class "A" shareholders.

Other than as set forth above no shares of the capital stock of the Company have been sold and there are no agreements of any kind outstanding with respect to the sale of additional shares.

The issued capital of the Company as at this date consists of 925 Class "B" common shares and 2,700,000 Class "A" common shares.

DIRECTORS AND OFFICERS:

Directors

Alexander Graham Bailey	Executive . . .	Calgary, Alberta.
George Ernest Church	Farmer . . .	Balzac, Alberta.
Robert John Dinning	Executive . . .	Calgary, Alberta.
David Carlton Jones	Executive . . .	Calgary, Alberta.
Nathan Eldon Tanner	Executive . . .	Calgary, Alberta.
Vernon Taylor	Executive . . .	Calgary, Alberta.
Bruce Franklin Willson	Executive . . .	Calgary, Alberta.

Officers

Robert John Dinning	Chairman of the Board
Vernon Taylor	President
George Ernest Church	Vice -President
James Caven Mahaffy, Q. C.	General Manager
John McDonell Ballachey	Secretary-Treasurer and Assistant General Manager

Messrs. Dinning and Church were appointed to the Board by the Lieutenant Governor in Council. Messrs. Taylor, Jones and Bailey were elected to the Board by the Class "B" Group III shareholders (producers and processors), Mr. Tanner was elected to the Board by the Class "B" Group II shareholders (gas export companies) and Mr. Willson was elected to the Board by the Class "B" Group I shareholders (utility companies).

TRANS-CANADA AGREEMENT:

The Oil and Gas Conservation Board of the Province of Alberta granted a permit to Trans-Canada Pipe Lines Limited (hereinafter called "Trans-Canada") to export stated quantities of gas from the Province of Alberta. It is a condition to such permit that the gas removed by Trans-Canada from Alberta shall be delivered to Trans-Canada through the facilities of Trunk Line.

By contract dated the 29th day of January, 1957, made between Trunk Line and Trans-Canada, Trunk Line agreed to construct its presently proposed gas gathering and transmission pipeline system. A copy of this agreement is attached as Schedule III. A route map of the system will be found following page 23 of the contract. Since the date of the contract changes have been made in the routing and design of the system with the approval of the Minister of Mines and Minerals, and in the construction program. Attached as Schedule IV is a plan showing these revisions.

Subject to the terms and conditions of such contract, Trans-Canada has agreed to pay to Trunk Line the cost of providing such transportation service. The contract provides substantially that the "cost of service" for any period is to be the sum of the following principal items: (i) Trunk Line's reasonable and necessary operating expenses for such period; (ii) commencing at the expiration of the 4 year period after the date when Trans-Canada is obligated to deliver gas to Trunk Line for transportation, depreciation of Trunk Line's gas plant at the rate of 4% per annum and other equipment at agreed rates for such period; (iii) income and other taxes for

such period; and (iv) a return at an annual rate of 7 1/2% on the depreciated original cost of the assets of Trunk Line used in connection with the transportation of natural gas and on necessary working capital.

The contract provides, however, that during the first 4 years of transportation by Trunk Line the rate to be paid by Trans-Canada to Trunk Line for the transportation of natural gas shall be as set out in the following extract from the contract made between Trunk Line and Trans-Canada:

"Development Period Reduction in Charges

For a period of 4 years after the date when Trans-Canada is obligated to deliver, or cause to be delivered, gas to Trunk Line for transportation, or after the date when Trans-Canada first delivers, or causes to be delivered, gas to Trunk Line for transportation (whichever date first occurs) the cost of service rate hereinabove provided for shall be disregarded and Trans-Canada shall pay Trunk Line 4 cents per m. c. f. of gas transported, provided however, that Trans-Canada shall pay Trunk Line during the said 4 year period, the following minimum amounts regardless of the volumes of gas delivered, or caused to be delivered by Trans-Canada to Trunk Line for transportation during the said period:

(1) During the first year (by twelve equal monthly payments)	\$ 210,480
(2) During the second year (by twelve equal monthly payments)	2,312,640
(3) During the third year (by twelve equal monthly payments)	3,326,400
(4) During the fourth year (by twelve equal monthly payments)	3,621,760 "

During the above-mentioned 4 year development period and without making any provision for depreciation on its pipeline system, Trunk Line is expected to operate at a loss in each of such years. This concession in rates by Trunk Line to Trans-Canada was made as a contribution by Trunk

Line towards the establishment of the initial export of Alberta gas to Eastern Canada.

With respect to the cost of service rate above-mentioned it should be noted that paragraph 27 of the agreement between Trunk Line and Trans-Canada provides that this agreement is made subject to the provisions of section 30 of The Alberta Gas Trunk Line Company Limited Act, being Chapter 37 of the Statutes of Alberta 1954 and Amendments thereto. Section 30 of the Act provides that the Directors of Trunk Line shall fix the just and reasonable rates, tolls and other charges for the gathering, transporting, distributing, handling and delivery of all gas carried by the company's pipe lines and other facilities or any part or parts thereof. It also provides in subsection 2 as follows:

"Upon the application of the company or any interested party or by direction of the Lieutenant Governor in Council, the Board of Public Utility Commissioners may vary or fix the rates so fixed by the company whether or not the company has been declared to be a common carrier by the Petroleum and Natural Gas Conservation Board and the provisions of The Public Utilities Act, with whatever changes are necessary, apply to such application or direction. "

As at February 14, 1957, Trunk Line's Engineers, Dutton-Williams-Mannix estimated that the cost of constructing the system described in the Trans-Canada contract would be \$54,220,000.00 including an allowance of \$3,351,000 for contingencies and the sum of \$226,000 for working capital. As at January 10, 1958, the Engineers have revised their total cost estimates to \$54,972,162.00 and that sum is broken down into

stages of construction as follows:

For Stage 1, 1957 construction	\$11,124,561.00
For Stage 2, 1958 construction	27,654,281.00
For Stage 3, 1959 construction	11,855,335.00
For Stage 4, 1960 construction	4,337,985.00

FINANCING:

The Directors of the Company concluded that the construction above described should be financed as to approximately 25% of the cost thereof by equity funds derived from the sale of the Company shares and as to approximately 75% thereof by borrowings secured by the bonds or debentures of the Company. The sum of \$13,500,000 was realized by the sale of shares in the manner above described. No bond or debenture issue has yet been made but it is anticipated that the additional funds required for construction work to be done in the year 1958 will be secured by a First Mortgage Bond issue to be arranged in the very near future. In this connection the Honourable Ernest C. Manning, Premier of the Province of Alberta wrote two letters which were published in Trunk Line's prospectus dated February 19, 1957, which letters were as follows:

OFFICE OF THE PREMIER
ALBERTA

Edmonton
January 31st, 1957.

Alberta Gas Trunk Line Co. Ltd.
2nd Floor, 320 - 9th Avenue W. ,
Calgary, Alberta.

Dear Sirs:

I attach hereto for your information copy of a letter written to Trans-Canada Pipe Lines Limited which indicates an undertaking by the Government to purchase certain First Mortgage Bonds of your Corporation under certain conditions.

I am pleased to advise you that early in the next Session of the Legislative Assembly of the Province of Alberta which will meet on February 14th, 1957, the Government of Alberta will introduce and support a Bill which will contain a provision authorizing the Lieutenant Governor in Council to approve for investment by the Treasury Board under section 30 of The Treasury Department Act the debentures or securities of any corporation incorporated under the laws of Alberta, and carrying on business in Alberta that has a capitalized, fixed, paid-up and permanent stock amounting to at least \$500,000.00 and that supplies any service or product within Alberta. This Bill will authorize the Government to underwrite and purchase bonds of The Alberta Gas Trunk Line Company Limited.

The Government of Alberta will undertake and agree to underwrite or purchase at par 5 1/2% First Mortgage Bonds of The Alberta Gas Trunk Line Company Limited in the aggregate principal amount of \$26,500,000.00, subject to arrangements having been made for the underwriting and sale to the public of common shares of The Alberta Gas Trunk Line Company Limited in an amount and at prices which will provide that Company with a gross amount before deduction of financing costs of approximately \$13,500,000.00.

The funds to be provided through the Government's underwriting or purchase of 5 1/2% Bonds of The Alberta Gas Trunk Line Company Limited will be made available in such amounts and at such times as may be necessary to meet the requirements of the construction program of the Trunk Line Company.

It is further understood that the Treasury Board of the Government in its discretion is to be afforded the first right of purchase of the said Bonds up to the aggregate of \$26,500,000.00 and that any Bonds not so purchased or taken up by the Government may then be offered for sale through brokerage houses or in any other manner that the Company may be authorized to do.

Yours very truly,
(signed) ERNEST C. MANNING

Premier.

OFFICE OF THE PREMIER

ALBERTA

Edmonton
January 30th, 1957.

Trans-Canada Pipe Lines Limited,
160 Bloor Street East,
Toronto, Ontario.

Dear Sirs:

I understand that you have substantially completed your arrangements for the financing of the construction of your natural gas pipe line system from the Province of Alberta to the City of Montreal, with the exception of the portion of the line which will be constructed by Northern Ontario Pipe Line Crown Corporation.

I also understand that one of the conditions of the purchase of your First Mortgage Bonds by institutional investors is that assurance shall have been given that The Alberta Gas Trunk Line Company Limited will be able to obtain the funds required for the construction of the gathering system for the transportation of gas from the producing wells to the western terminus of the pipe line of your Company.

I am pleased to advise you that early in the next session of the Legislative Assembly of the Province of Alberta which will meet on February 14th, 1957, the Government of Alberta will introduce and support a Bill which will contain a provision authorizing the Lieutenant Governor in Council to approve for investment by the Treasury Board under section 30 of The Treasury Department Act the debentures or securities of any corporation incorporated under the laws of Alberta and carrying on business in Alberta that has a capitalized, fixed, paid-up and permanent stock amounting to at least \$500,000.00 and that supplies any service or product within Alberta. This Bill will authorize the Government to underwrite and purchase bonds of The Alberta Gas Trunk Line Company Limited.

As soon as such legislation has been passed, the Government of Alberta through its Treasury Board will undertake and agree to underwrite or purchase at par 5 1/2% First Mortgage Bonds of The Alberta Gas Trunk Line Company Limited in the aggregate principal amount of \$26,500,000.00, subject to arrangements having been made for the underwriting and sale to the public of common shares of The Alberta Gas Trunk Line Company Limited in an amount and at prices which will provide that Company with a gross amount before deduction of financing costs of approximately \$13,500,000.00.

The funds to be provided through the Government's underwriting or purchase of Bonds of The Alberta Gas Trunk Line Company Limited will be made available in such amounts and at such times as may be necessary to meet the requirements of the construction program of the Trunk Line Company.

The Government has advised The Alberta Gas Trunk Line Company Limited and attached hereto is a copy of a letter written to the said Company to this effect.

You are at liberty to make such use of this letter in connection with your financing arrangements as you may see fit.

Yours very truly,

(signed) ERNEST C. MANNING

Premier.

CONSTRUCTION:

During the year 1957 the Company constructed approximately 18 miles of 34" transmission line from the connection point with the Trans-Canada system near the Saskatchewan-Alberta boundary in a westerly direction to the point of connection with the Bindloss-Provost lateral and it also constructed the Bindloss-Provost lateral which is an 18" line approximately 100 miles in length.

During 1958 the following pipe line construction will be done:

- The main 34" line will be extended westerly about 55 miles.
- The 24" lateral from the main line to the Pincher Creek Field, a distance of approximately 145 miles.

- The 26" lateral from the main line to the Cessford field, a distance of about 24 miles.
- The 6 5/8" lateral from the Bindloss-Provost lateral to the Sibbald field, a distance of approximately 11 miles.

In addition small laterals will be built to take delivery of gas from the Atlee-Buffalo, Princess and Steeveville fields.

1957 OPERATIONS:

The gas lines and facilities constructed in 1957 were put into operation and Trunk Line commenced transportation of gas for Trans-Canada (other than testing gas) on October 1, 1957.

THE FUTURE:

Trunk Line's contract with Trans-Canada calls for the construction in 1959 of the extended north lateral from Cessford in a northwesterly direction to the Nevis area and during 1960 for the construction of the balance of the pipeline system described in the contract and shown on the route map in Schedule IV. The routing and design of the lines to be built in 1959 and 1960 might be changed by agreement between the parties with the approval of the Minister of Mines and Minerals, if changes seem to be desirable in the light of conditions as they exist prior to the time of construction.

If Trans-Canada is granted an export permit to export additional quantities of gas from the Province of Alberta it may be necessary for Trunk Line to construct additional facilities for that purpose. If

persons or corporations other than Trans-Canada are granted permits to export gas from the Province of Alberta it is anticipated that Trunk Line will construct the transmission facilities within the Province of Alberta necessary to transport the gas to be exported. In all its planning for future construction Trunk Line will make every effort to avoid any unnecessary duplication of transportation facilities within the Province of Alberta and will also do everything in its power to so construct its pipelines that adequate interchange facilities will be available for the benefit of export lines and gas distribution companies serving Alberta markets.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

THE ALBERTA GAS TRUNK LINE COMPANY LIMITED

by: J. C. MAHAFFY

General Manager.

February 12, 1958.

Supplied by
Queen's Printer
Edmonton

Price
25c



1954

CHAPTER 37

An Act to Incorporate a Gas Trunk Pipe Line Company to Gather and Transmit Gas Within the Province

(Assented to April 8, 1954)

HER MAJESTY, by and with the advice and consent of
the Legislative Assembly of the Province of Alberta,
enacts as follows:

Short Title

1. This Act may be cited as "*The Alberta Gas Trunk Line Company Act*". Short title

Interpretation

- 2.** In this Act, unless the context otherwise requires, Interpre-
tation
- (a) "Board" means the Board of Directors of the company; "Board"
 - (b) "company" means The Alberta Gas Trunk Line Company incorporated under this Act; "company"
 - (c) "gas" "gas"
 - (i) means all natural gas both before and after it has been subjected to any treatment or process by absorption, purification, scrubbing or otherwise, and
 - (ii) includes all fluid hydrocarbons other than hydrocarbons that can be recovered from a pool in liquid form by ordinary production methods;
 - (d) "gas export company" means any company that holds a provincial permit for the removal of gas from Alberta; "gas export
company"
 - (e) "gas processor" means a company, firm, association, group or individual owning and operating a gas processing plant within the Province; "gas
processor"
 - (f) "gas producer" means a company, firm, association, group or individual having a property interest in a properly completed well capable of producing gas or oil within the Province and having the right to dispose of the production of the well; "gas
producer"
 - (g) "Petroleum and Natural Gas Conservation Board" means that Board as constituted and established under *The Oil and Gas Resources Conservation Act, 1950*; "Petroleum
and Natural
Gas Con-
servation
Board"

"utility
company"

- (h) "utility company" means any company that operates any system, works, plant, equipment or service for the transporting, delivery, furnishing, or supplying of gas by retail or wholesale, either directly or indirectly, to or for the public of Alberta, and that is a proprietor of a public utility as defined under *The Public Utilities Act*.

Provisional Board of Directors

Incorpor-
ation

3. (1) The Lieutenant Governor in Council shall designate not more than seven persons who together with the persons who become shareholders in the company are hereby incorporated under the name of "The Alberta Gas Trunk Line Company Limited".

(2) The persons designated by the Lieutenant Governor in Council shall be the provisional Board of Directors of the company.

(3) If a provisional director resigns, dies or becomes incapable of fulfilling his duties, the Lieutenant Governor may designate a person to replace such director on the provisional Board of Directors.

(4) No member of the Government of Alberta and no member of the public service of Alberta shall be designated as a member of the provisional Board of Directors of the company.

Offices

Head office

4. (1) The head office of the company shall be at the City of Calgary in the Province of Alberta.

Other offices

(2) The company may establish such other offices and agencies elsewhere in the Province as it deems expedient.

24. (1) *The Alberta Gas Trunk Line Company Act*, being chapter 37 of the Statutes of Alberta, 1954, is amended by adding immediately after section 5 the following new section:

*Alberta Gas
Trunk Line
Company
Act,
section 5a*

"5a. The liability of a shareholder in the company is limited to the amount, if any, unpaid on the shares respectively held by him."

*Liability of
shareholder
limited*

(2) Upon the coming into force of this section it shall be deemed to have been in force at all times on and after the eighth day of April, 1954.

*Coming
into force*

Allotment of
Class "B"
common
shares

6. (1) The Class "B" common shares shall be divided into

- (a) two hundred Class "B" Common Group I,
- (b) fifty Class "B" Common Group II,
- (c) seventeen hundred and fifty Class "B" Common Group III, and
- (d) two only Class "B" Common Group IV.

(2) The Class "B" common shares shall be allotted only to the persons qualified under sections 7 to 11 to hold Class "B" common shares.

7. (1) Class "B" Common Group I shares shall be allotted only to utility companies. Eligibility
for
allotment
of shares

(2) Class "B" Common Group II shares shall be allotted only to gas export companies.

(3) Class "B" Common Group III shares shall be allotted only to gas producers or processors.

(4) The two Class "B" Common Group IV shares shall be allotted only to the directors appointed by the Lieutenant Governor in Council to the Board of Directors of the company.

8. Subject to section 9, the Class "B" common shares of the company are non-transferable except where otherwise provided by a by-law of the company made pursuant to subsection (2) of section 27. Transfer
of shares

9. (1) If the holder of a Class "B" common share ceases Voting
rights

(a) in the case of a holder of a Class "B" Common Group I share to be a utility company, or

(b) in the case of a holder of a Class "B" Common Group II share to be a gas export company, or

(c) in the case of a holder of a Class "B" Common Group III share to be a gas producer or processor, or

(d) in the case of a holder of a Class "B" Common Group IV share to be a director,

the holder loses every right to vote the Class "B" common share.

(2) Except where otherwise provided by a by-law of the company made pursuant to subsection (2) of section 27, when the right to vote a Class "B" common share is lost

(a) the ownership of the share and all rights thereunder shall revert to the company, and

(b) the company by notice in writing may require the holder to surrender the Class "B" common share, and

(c) upon receipt of the notice from the company, the holder shall surrender the Class "B" common share to the company with a properly executed transfer in favour of the company.

(3) The company shall hold any Class "B" common shares reverting to it under this section for re-allotment at par value to any person qualified to acquire such share. Re-
allotment

(4) When a Class "B" common share is surrendered to the company pursuant to this section, the company shall pay the par value of that share to the person entitled to the same.

(5) Notwithstanding subsections (3) and (4), where the share reverting to the company is a Class "B" Common Group IV share, the company

(a) shall not make any payment in respect of that share, and

(b) shall hold the share for allotment without payment to the director appointed by the Lieutenant Governor in Council to succeed the previous holder of that share as a member of the Board.

Construc-
tion of Act

10. Nothing in this Act shall be construed so as to permit any company, firm, association, group or individual to hold or control Class "B" common shares of more than one Group.

Allotment of Shares

Application
for allotment
of shares

11. (1) Applications for an allotment of Class "B" common shares shall be made to the Board.

(2) The Board shall determine whether an applicant for Class "B" common shares is qualified under the requirements of this Act to hold any shares of Groups I to III respectively and may approve an application for one or more shares in accordance with this section.

(3) In determining the number of Class "B" common shares of Groups I, II or III which may be allotted to an applicant, the Board shall have regard, *inter alia*, to the following considerations

(a) if the applicant is a utility company the Board shall have regard to

(i) the amount of capital invested in the utility company,

(ii) the extent of the gas pipe line system operated by the utility company in the Province,

(iii) the size and number of the communities in the Province served with gas by the utility company, and

(iv) the quantity of gas annually sold in the Province by the utility company,

(v) the use to be made of the company's facilities by the utility company,

(b) if the applicant is a gas export company, the Board shall have regard to

(i) the amount of capital invested in the gas export company,

(ii) the extent of the gas pipe line system operated by the gas export company,

(iii) the quantity of gas to be taken from the Province by the gas export company, and

(iv) the use to be made of the company's facilities by the gas export company,

and

(c) if the applicant is a gas producer or a gas processor, the Board shall have regard to

- (i) the amount of capital invested in the business of producing or processing gas within the Province by the gas producer or processor,
- (ii) the quantity of Alberta gas that the producer or processor is capable of producing or processing annually,
- (iii) the gas reserves of a producer within the Province,
- (iv) the total acreage within the Province held by the producer in known gas fields, and
- (v) the amount of development work done or undertaken by the producer within the Province.

(4) As a condition of allotment of Class "B" common shares, the Board may require that the applicant purchase Condition of allotment

- (a) such number of Class "A" common shares of the company, and
- (b) at such price, not being more than the market value at the time of the subscription or less than the par value,

as the Board by by-law may determine.

12. (1) A person appointed to the Board by the Lieutenant Governor in Council under section 19 may acquire one Class "B" Common Group IV share of the company. Shares held by appointed directors

(2) The Lieutenant Governor in Council may authorize the Provincial Treasurer to pay for the acquisition by the appointed directors of two Class "B" Common Group IV shares of the company.

(3) The two Class "B" Common Group IV shares shall be purchased in the names of the two directors first appointed to the Board by the Lieutenant Governor in Council.

(4) Her Majesty acquires no beneficial or other interest to the Class "B" Common Group IV shares acquired by the appointed directors and paid for under this section.

(5) The two shares so acquired shall only be transferred in the manner and for the purpose set out in section 9.

Powers and Restrictions

13. (1) Subject to the provisions of any general legislation enacted by the Legislative Assembly, the company within the Province only may Powers

- (a) act as a common carrier of gas,
- (b) act as a common purchaser of gas from any pool in the Province,
- (c) construct gas pipe lines for the transmission of gas, re-arrange gas pipe lines, install compressor and all other equipment required for, and perform

all further acts and things for the purpose of conserving, gathering and transporting gas,

- (d) develop, purchase, lease or otherwise acquire, hold, operate or maintain and control gas storage fields and the necessary facilities for their operation,
- (e) construct, purchase, lease or otherwise acquire and hold, develop, operate, maintain, control, mortgage, create liens upon, sell, convey or otherwise dispose of and turn to account any and all pipe lines, gas storage fields and appurtenances relative thereto for gathering, processing, transmitting, transporting, storing and delivering gas and other gaseous hydrocarbons,
- (f) purchase, acquire, process, transmit, transport, distribute and sell or otherwise acquire and dispose of gas,
- (g) own, lease, operate and maintain inter-station telephone, radio, teletype and telegraph communication systems and to operate and maintain inter-station communication facilities,
- (h) purify, scrub or otherwise treat for the removal therefrom of hydrogen sulphide or other substances from that portion of the gas required for the market,
- (i) exercise all or any of the powers defined in subsection (1) of section 19 of *The Companies Act*.

Powers
subject to
The Oil and
Gas Re-
sources
Conservation
Act, 1950

(2) In the exercise of the powers set out in subsection (1), the company is subject to any order of the Petroleum and Natural Gas Conservation Board made pursuant to any Act under which that Board has jurisdiction to make orders.

Scope of
company

14. The objects and powers of the company do not authorize and shall not be interpreted to authorize the purchase, acquisition, construction, operation or control by the company of any works or undertakings situate outside the Province of Alberta.

Contracts

15. (1) Notwithstanding the provisions of section 13, the company shall not enter into any contract, agreement or arrangement with a gas export company whereby the gas export company gains or might gain any control over the affairs, functions, operations, management or business of the company or its trunk lines or pipe lines.

(2) Any contract that the company enters into in contravention of subsection (1) is void.

Application
of other Acts

16. (1) Subject to subsection (3) and except where inconsistent with this Act, the provisions of

- (a) *The Oil and Gas Resources Conservation Act, 1950,*
- (b) *The Public Utilities Act,*
- (c) *The Pipe Line Act, 1952,*
- (d) *The Securities Act,* and
- (e) *The Gas Resources Preservation Act,*

with whatever changes are necessary are applicable to the company incorporated by this Act.

(2) The Lieutenant Governor in Council may declare that the application of an Act mentioned in subsection (1) or any part or provision thereof to the company is suspended for an indefinite period or for a fixed period.

(3) When a suspending order is made under this section the Act, the part or provision thereof declared suspended in its application to the company shall be deemed not to apply from a date which shall be specified in the suspending order.

(4) A suspending order may be amended, substituted or rescinded at any time and from time to time by the Lieutenant Governor in Council.

Board of Directors

17. (1) The business of the company shall be administered by the Board. Board of Directors

(2) The Board may exercise all the powers of the company.

18. (1) The Board shall consist of five elected directors and two appointed directors. Composition of Board

(2) No person shall be elected or appointed to the Board unless

- (a) he is a Canadian citizen domiciled in Alberta, and
- (b) he has been a resident of the Province for at least one year.

(3) No member of the Government of Alberta and no member of the public service of Alberta shall be appointed to the Board.

19. (1) Subject to section 20, the shareholders who hold Class "B" common shares in the company and who are otherwise qualified to vote shall elect five directors to the Board. Election of Board

(2) The Lieutenant Governor in Council shall appoint two directors to the Board.

20. In electing the directors of the company Method of election

- (a) shareholders holding Class "B" Common Group I shares may elect one director to the Board,
- (b) shareholders holding Class "B" Common Group II shares may elect one director to the Board,
- (c) shareholders holding Class "B" Common Group III shares may elect three directors to the Board.

21. (1) No person shall vote a Class "B" common share at any election of directors or at any special election of a director pursuant to section 25 unless he has established his Affidavit re voting right

right to vote a Class "B" common share for a director representing the Group of Class "B" common share that he holds by an affidavit filed with the secretary-treasurer of the company within the month immediately preceding the election.

(2) If a shareholder fails to comply with subsection (1) any vote cast by that shareholder is void.

(3) If a dispute arises as to the qualification of any Class "B" common shareholder to vote his share, the dispute shall be referred to the Board of Public Utility Commissioners whose decision thereupon is final.

Company
directors
elected at
first annual
meeting

22. (1) The election of the directors of the company shall be held at the first annual meeting of the company.

(2) When the directors have been elected to the Board the provisional directors cease to hold office.

(3) The directors elected to the Board shall retire at each annual meeting but may be re-elected by the Group Class "B" common shareholders whom they represent.

Notice of
elected
directors

23. (1) Immediately after the first election of directors the company shall send a notice in writing to the Clerk of the Executive Council setting out the names of the elected directors.

(2) Upon receipt of the notice the Lieutenant Governor in Council shall appoint the two directors to be appointed by him pursuant to section 19.

Term of
office

(3) The appointed directors may hold office during the pleasure of the Lieutenant Governor in Council.

President

24. (1) The Board shall elect one of the directors to be president of the company.

Chairman

(2) The Board may elect one of the directors to be chairman of the Board.

Vice-
president

(3) The Board may elect one or more vice-presidents from the members of the Board.

Quorum

(4) A majority of the Board constitutes a quorum for the transaction of the business of the company.

Board
vacancies

25. (1) Vacancies occurring on the Board shall be filled

(a) by the Lieutenant Governor in Council where the vacancy occurs among the directors that are appointed,

(b) by the directors appointing to the Board

(i) one of the holders of, or

(ii) one of the duly authorized representatives of the holders of

Class "B" common shares of the Group whose representation on the Board is decreased by the vacancy.

(2) Special elections shall be held in such manner and at such time and place as may be provided by a by-law of the company.

26. (1) The Board shall appoint a general manager who shall be the chief executive officer of the company and who shall exercise such powers and perform such duties as the Board from time to time directs. General manager

(2) The Board shall appoint a secretary-treasurer or a secretary and a treasurer and may retain the services of professional and clerical assistants in carrying out the business of the company. Secretary-treasurer

Powers and Duties of Board

27. (1) The Board may make by-laws relating to such matters or things as are requisite or proper or as appear to the Board to be requisite or proper for the conduct or regulation of any of the business or affairs of the company and, without limiting the generality of the foregoing may make by-laws relating to By-laws

- (a) the appointment, functions, duties and removal of all officers, employees, agents or servants of the company and the remuneration they are to receive,
- (b) the time and place for the holding of the annual general meeting of the company, the calling of regular and special meetings of the Board of Directors, and the procedure in all things at general meetings and Board meetings,
- (c) the declaration and payment of dividends to shareholders,
- (d) the conduct of the business of the company,
- (e) the disposition of all moneys received in respect of the business of the company, the institutions in which the moneys are to be deposited, the manner in which the accounts for such deposits are to be kept and managed, and the manner in which withdrawals are to be made from such accounts,
- (f) the establishment of reserve funds and the control, management and disposition of the funds and the purposes for which payments are to be made out of the reserve funds,
- (g) the management and administration of the company's property,
- (h) the investments of the company, and
- (i) the remuneration to be paid the directors and provisional directors of the company.

(2) The Board by by-law may authorize the transfer of Class "B" common shares upon

- (a) an amalgamation of companies when a Class "B" common share is held by one or both of the amalgamating companies,

- (b) upon the transfer of assets of one person to another when the transferor is the holder of a Class "B" common share,

subject to such terms and conditions and after the making of such enquiries and investigations as might be necessary to ensure that no person obtains Class "B" common shares of a Group to which he is not entitled or obtains such shares of more than one Group.

(3) Notwithstanding clause (a) of subsection (1) or section 26, the Board shall not appoint or elect any director, officer, employee, agent or servant of a gas export company to any office in the company.

Right to
vote

28. The holders of Class "B" common shares are the only shareholders entitled to vote on any matters relating to the management, conduct or regulation of any of the business or affairs of the company.

Annual Meetings

First annual
meeting

29. The first annual meeting of the company shall be held prior to the thirty-first day of December, 1955, and an annual meeting shall be held within every twelve-month period thereafter.

Miscellaneous

Fixing
rates

30. (1) The Directors shall fix the just and reasonable rates, tolls and other charges for the gathering, transporting, distributing, handling and delivery of all gas carried by the company's pipe lines and other facilities or any part or parts thereof.

(2) Upon the application of the company or any interested party or by direction of the Lieutenant Governor in Council, the Board of Public Utility Commissioners may vary or fix the rates so fixed by the company whether or not the company has been declared to be a common carrier by the Petroleum and Natural Gas Conservation Board and the provisions of *The Public Utilities Act*, with whatever changes are necessary, apply to such application or direction.

Commence-
ment of
business,
etc.

31. (1) The company shall not

(a) allot any of its shares, or

(b) commence any business, or

(c) exercise any borrowing powers,

until it has complied with the provisions of *The Companies Act* and *The Securities Act* in respect of the qualification of its shares for public issue.

(2) Notwithstanding subsection (1) the provisional directors may raise the sum of fifty thousand dollars for organizational purposes and may expend the same for such purpose without filing a prospectus or a statement in lieu thereof.

32. While the provisional Board of Directors holds office it has and may exercise all the powers and duties of the Board under this Act.

Power of
provisional
Board of
Directors

33. (1) For the purpose of carrying out the provisions of this Act according to their true intent or for the purpose of supplying any deficiency in the provisions of this Act, the Lieutenant Governor in Council may make any regulations not inconsistent with the spirit of this Act.

Regulations

(2) Any regulation made under this section

(a) shall be deemed to be expressly enacted in and to form part of this Act,

(b) shall be published in *The Alberta Gazette* and shall be laid on the table of the Legislative Assembly within ten days after the commencement of the first session in the next ensuing year.

34. This Act comes into force on the day upon which it is assented to.

Coming into
force

SCHEDULE II

THE ALBERTA GAS TRUNK LINE COMPANY LIMITED

LIST OF CLASS "B" COMMON SHAREHOLDERS

GROUP I:

<u>Name</u>	<u>Shares</u>
Bonnyville Gas Company Limited, BONNYVILLE, Alta.	1
The British American Gas Utilities Ltd. , 409 - 3rd St. W. , CALGARY, Alta.	3
Canadian Western Natural Gas Co. Ltd. , 140 - Sixth Avenue West, CALGARY, Alberta.	38
City of Medicine Hat, c/o Mr. A. T. Legge, City Controller, MEDICINE HAT, Alberta.	6
Grand Prairie Transmission Co. Ltd. , 5th Floor, Alaska Pine Building, 1111 West Georgia Street, VANCOUVER 5, B.C.	1
Great Northern Gas Utilities Ltd. , P. O. Box 4500, 9924 - 63rd Avenue, EDMONTON, Alta.	3
Lloydminster Gas Co. Ltd. , Drawer II. , LLOYDMINSTER, Saskatchewan	2
Northland Utilities Limited, 10042 - 109 Street, EDMONTON, Alta.	1
Northwestern Utilities Limited, 1012A - 104th Street, EDMONTON, Alta.	43
Redwater Utilities Limited, 624 Ninth Avenue West, CALGARY, Alta.	1
Wainwright Gas Co. Ltd. , 36 Dominion Bank Chambers, EDMONTON, Alta.	1
TOTAL	<u>100</u>

GROUP II:

<u>Name</u>	<u>Shares</u>
Peace River Transmission Co. Ltd. , 5th Floor, Alaska Pine Building, 1111 West Georgia Street, VANCOUVER 5, B. C.	1
Trans-Canada Pipelines Limited, 326 - 9th Avenue West, CALGARY, Alta.	5
TOTAL	<u>6</u>

GROUP III:

Alberta Pacific Consolidated Oils Ltd. , Toronto General Trusts Bldg. , CALGARY, Alberta.	2
Amerada Petroleum Corporation 622 - 8th Avenue West, CALGARY, Alta.	8
Amurex Oil Development Company, 703 - 5th Street, W. , CALGARY, Alta.	3
Arrow Oil Royalties Limited, 805 Greyhound Building, CALGARY, Alta.	1
Assiniboine Oil Ltd. 709 - 8th Avenue West, CALGARY, Alta.	1
Ajax Petroleums Limited, Suite 202 Wilson Electric Bldg. , 337 - 8th Avenue West, CALGARY, Alta.	7
Bailey Selburn Oil & Gas Ltd. , 901 - 8th Avenue West, CALGARY, Alta.	26
Calgary & Edmonton Corporation Ltd. , Cor. Main Street & Portage Avenue, WINNIPEG, Manitoba	15
TOTAL	<u>63</u>

GROUP III cont'd.

<u>Name</u>	<u>Shares</u>
The California Standard Company, Medical Arts Building, CALGARY, Alta.	37
Calnorth Oils Limited, 900 Lancaster Building, CALGARY, Alta.	1
Calvan Consolidated Oil & Gas Co. Ltd. , 624 - 9th Avenue West, CALGARY, Alta.	6
Canadian Admiral Oils Limited, 528 - 9th Avenue W. , CALGARY, Alta.	2
Canadian Delhi Oil Ltd. , The 505 - 8th Avenue Building, CALGARY, Alta.	62
Canadian Export Gas Ltd. , 203 Oil Exchange Building, CALGARY, Alta.	5
Canadian Fina Oil Limited, 2nd Floor, Bamlett Building, CALGARY, Alta.	4
Canadian Gulf Oil Company, 6th Floor, Hudson's Bay Co. Building, CALGARY, Alta.	98
Canadian Homestead Oils Limited, 528 - 9th Ave. West, CALGARY, Alta.	7
Canadian Northern Oil & Gas Ltd. , 5th Floor, Alaska Pine Building, 1111 West Georgia Street, VANCOUVER 5, B.C.	5
Canadian Oil Companies Limited, 204 Richmond Street, West, TORONTO 1, Ontario.	7
TOTAL	<u>234</u>

GROUP III cont'd.

<u>Name</u>	<u>Shares</u>
Canadian Superior Oil of California, 627 - 8th Avenue West, CALGARY, Alta.	12
Consolidated East Crest Oil Co. Ltd. 735 - 8th Avenue West, CALGARY, Alta.	1
Dalhousie Oil Co. Ltd., 35-36 Dominion Bank Chambers, EDMONTON, Alta.	1
Dome Exploration Western Limited, 528 - 9th Avenue West, CALGARY, Alta.	23
Flock Gas & Oil Corporation Ltd., Main Floor, Elks Building, CALGARY, Alta.	6
Great Plains Development Company of Canada Limited, 528 - 9th Avenue West, CALGARY, Alta.	8
Great Sweet Grass Oils Limited, Suite 810 Concourse Building, 100 Adelaide Street, West, TORONTO, Ont.	10
Hewitt Oil Company, 709 - 8th Avenue West, CALGARY, Alta.	2
High Crest Oils Limited, 309 - 7th Avenue West, CALGARY, Alta.	1
Home Oil Company Limited, 304 - 6th Avenue West, CALGARY, Alta.	36
Hudson's Bay Oil & Gas Company Ltd., 534 - 8th Avenue West, CALGARY, Alta.	36
TOTAL	<u>136</u>

GROUP III cont'd.

<u>Name</u>	<u>Shares</u>
Husky Oil & Refining Ltd. , 815 - 6th Street West, CALGARY, Alta.	10
Imperial Oil Limited, 300 - 9th Avenue West, CALGARY, Alta.	98
Inland Gas & Oil Co. Ltd. , 35 Dominion Bank Chambers, EDMONTON, Alta.	2
Kroy Oils Limited, No. 30 Renfrew Building, CALGARY, Alta.	5
The Lloydminster Development Co. Ltd. , Drawer 630, LLOYDMINSTER, Sask.	1
Long Island Petroleums Limited, 207 General Petroleums Building, CALGARY, Alta.	1
Mc-Conset-Leduc Syndicate, 302 Toronto General Trust Building, CALGARY, Alta.	1
Medallion Petroleums Limited, 512 - 4th Avenue W. , CALGARY, Alta.	2
Merrill Petroleums Limited, 510A - 8th Avenue West, CALGARY, Alta.	4
Mid-Western Industrial Gas Ltd. , Century Building, 10167 - 99th Street, EDMONTON, Alta.	24
Mill City Petroleums Limited, 403 Lancaster Building, CALGARY, Alta.	3

TOTAL

151

GROUP III cont'd.

<u>Name</u>	<u>Share</u>
Mobil Oil of Canada Ltd. Mobil Oil Building, CALGARY, Alta.	6
New British Dominion Oil Co. Ltd. , 304 Toronto General Trusts Building, CALGARY, Alta.	5
New Chamberlain Petroleums Ltd. , 640 - 7th Ave. W. , CALGARY, Alta.	3
New Concord Development Corporation Ltd. , 455 Craig Street W. MONTREAL, Que.	1
New Continental Oil Co. of Canada Ltd. , 10A-231 - 8th Avenue West, CALGARY, Alta.	1
New Gas Exploration Company of Alberta Limited, 700 Pacific Building, CALGARY, Alta.	3
New Ranchmen's Oil Company Ltd. 528 - 9th Avenue West, CALGARY, Alta.	5
New Superior Oils of Canada Limited 224 - 9th Avenue West, CALGARY, Alta.	3
Northern Development Company Ltd. , P. O. Box 456, EDMONTON, Alta.	3
Pacific Petroleums Ltd. , Pacific Building, CALGARY, Alta.	26
Pan American Petroleum Corporation, Petroleum Building, CALGARY, Alta.	17
Royalite Oil Company Limited, 239 Sixth Avenue West, CALGARY, Alta.	40
TOTAL	<u>113</u>

GROUP III cont'd.

<u>Name</u>	<u>Shares</u>
Security Freeholds Petroleums Ltd., P. O. Box 862, WINNIPEG, Man.	3
Sharples Oil Canada Limited, P. O. Box 220, CALGARY, Alta.	3
Shell Oil Company, 1027 - 8th Avenue West, CALGARY, Alta.	51
Raymond I. Smith & Son, 627 - 8th Avenue W., CALGARY, Alta.	2
Sprig Petroleums Limited, Derrick Building, CALGARY, Alta.	1
Trans Empire Oils Ltd., Rio Building, 627 - 8th Avenue W., CALGARY, Alta.	3
Twin Valley Oil Royalties Limited, 804 Greyhound Building, CALGARY, Alta.	1
Western Leaseholds Ltd., Michael Building, CALGARY, Alta.	12
Triad Oil Co. Ltd., 505 - 8th Avenue West, CALGARY, Alta.	8
West Canadian Petroleums Ltd., 709 - 8th Avenue West, CALGARY, Alta.	2
West Maygill Gas & Oil Limited, Suite 202 Oil Exchange Building, 309 - 7th Avenue West, CALGARY, Alta.	15
TOTAL	<u>101</u>

GROUP III cont'd.

<u>Name</u>	<u>Shares</u>
Union Oil Company of California, 709 - 711 - 8th Avenue W. , CALGARY, Alta.	12
United Oils Limited, 232 Lougheed Building, CALGARY, Alta.	1
West Territories Oils Limited, 528 - 9th Avenue W. , CALGARY, Alta.	3
Whitehall Canadian Oils Ltd. , 213 - 6th Avenue West, CALGARY, Alta.	1
York Oils Limited, 221A - 8th Avenue West, CALGARY, Alta.	2
TOTAL	<u>19</u>
GROUP TOTAL	817

GROUP IV

<u>Name</u>	<u>Shares</u>
George Church, c/o The Alta. Gas Trunk Line Co. Ltd. , 320 - 9th Avenue West, CALGARY, Alta.	1
Robert J. Dinning, c/o The Alta. Gas Trunk Line Co. Ltd. , 320 - 9th Avenue West, CALGARY, Alta.	1
TOTAL	<u>2</u>

SCHEDULE III

BETWEEN:

THE ALBERTA GAS TRUNK LINE COMPANY LIMITED
OF THE FIRST PART

- and -

TRANS-CANADA PIPE LINES LIMITED
OF THE SECOND PART

TRANSPORTATION CONTRACT

THIS INDENTURE made this "29th" day of "January"

A.D. 1957.

B E T W E E N :

THE ALBERTA GAS TRUNK LINE COMPANY LIMITED,
a body corporate with head office at the
City of Calgary in the Province of Alberta
hereinafter referred to as "Trunk Line"

OF THE FIRST PART

- and -

TRANS-CANADA PIPE LINES LIMITED, a body
corporate with head office at the City
of Calgary, aforesaid, hereinafter referred
to as "Trans-Canada"

OF THE SECOND PART

WHEREAS the parties hereto have agreed that Trunk Line shall
transport gas for Trans-Canada within the Province of Alberta on the
terms and conditions herein set forth.

NOW THEREFORE THIS AGREEMENT WITNESSETH and the parties agree
as follows:

(1) The following words and terms, wherever used in this agreement
shall have the following meaning:

(a) The word "day" shall mean a period of twenty-four (24)
consecutive hours, beginning and ending at 8:00 o'clock a.m.
Mountain Standard Time, or at such other time as may hereafter
be mutually agreed upon by the parties hereto.

(b) The word "month" shall mean a period beginning at 8:00
o'clock a.m. on the first day of a calendar month and ending
at 8:00 a.m. on the first day of the next succeeding calendar
month.

(c) The word "gas" shall include natural gas and residue gas.

(d) The term "Mcf" shall mean One Thousand (1,000) cubic feet of gas as determined on the measurement basis set forth in paragraphs ten and eleven hereof.

(e) The term "BTU" shall mean British Thermal Unit.

(2) Trunk Line will construct the gas gathering and gas transmission system generally described in the location map of the said system which is attached hereto as Schedule "A", a composite flow study diagram of which system is attached hereto as Schedule "B", and in accordance with Permit No. 1 dated December 29, 1955, granted to Trunk Line by the Minister of Highways of the Province of Alberta as amended by Amendment to Permit No. 1 dated March 23, 1956, by the said Minister and as may be further amended by the said Minister from time to time.

The said gatherings and transmission system shall be constructed by Trunk Line in four stages, the said stages and time of completion of construction thereof, exclusive of purging and testing being:

(a) Stage 1 shall consist of only such part of the said system as is necessary to take delivery of gas from the Bindloss field and the Provost area, construction to be completed on or before September 1, 1957.

(b) Stage 2 shall consist of only such part of the said system in addition to the portion thereof constructed during Stage 1 as is necessary to take delivery of gas from the Sibbald, Oyen, Cessford-Sunnynook, Princess-Patricia, Atlee-Buffalo and Pincher Creek fields, construction to be completed on or before September 1, 1958.

(c) Stage 3 shall consist of only such parts of the said system in addition to the portions thereof constructed during stages 1 and 2 as is necessary to take delivery of gas from the Nevis field, construction to be completed on or before September 1, 1959.

(d) Stage 4 shall consist of only such part of the said system in addition to the portions thereof constructed during Stages 1, 2 and 3 as is necessary to take delivery of gas from the Homeglen-Rimbey, Gilby and Countess-Duchess fields, construction to be completed on or before September 1, 1960.

(3) Forthwith after Trunk Line has completed the construction and testing of each stage of the gas gathering and gas transmission system referred to in paragraph two hereof, Trunk Line shall notify Trans-Canada in writing and within ten (10) days thereafter, or commencing on the first day of October of the year in which the said notice is given (whichever is the later date), Trans-Canada agrees to deliver, or cause to be delivered, to Trunk Line for transportation and Trunk Line agrees to accept from Trans-Canada for Trans-Canada's account and to transport for and deliver to Trans-Canada daily volumes of gas up to the capacity of the facilities from time to time constructed in each of the Stages 1, 2 and 3 referred to in paragraph two hereof as shown on Schedule "B" to this agreement and up to 620.0 Mmcf after construction of Stage 4 referred to in paragraph two hereof. The said volume of 620.0 Mmcf of gas in any one day shall be the contracted capacity in effect during the term of this agreement, provided, however, that Trunk Line shall not be obligated to accept from Trans-Canada more than the volumes of gas as shown on Schedule "B" to this agreement during any one day at each point of receipt.

(4) The field collection points for all gas received by Trunk Line from Trans-Canada for transportation shall be within the following described lands or at such other point or points as may be agreed upon:

<u>FIELD collection points</u>	<u>Section</u>	<u>Township</u>	<u>Range</u>	<u>Meridian</u>
Bindloss --South	13	22	4	W4
--North	27	22	4	W4
Sibbald	36	27	3	W4
Oyen	5	29	4	W4
Provost	25	36	5	W4
Atlee-Buffalo	23	20	7	W4
Princess	14	20	12	W4
Steveville	20	22	11	W4
Cessford	3	24	12	W4
Sunnynook	27	26	14	W4
Pincher Creek	14	4	29	W4
Nevis area	3	39	22	W4
Homeglen-Rimbey	36	42	2	W5
Countess	5	21	16	W4
Duchess	16	20	15	W4

Field collection points for fields not specifically mentioned in this paragraph shall be such as may be agreed upon from time to time.

(5) The delivery point for all gas to be delivered by Trunk Line to Trans-Canada shall be at the junction of the pipelines of Trunk Line and Trans-Canada located in:

North East Quarter, Section Eleven (11), Township 20, Range 1,
West 4th Meridian, Province of Alberta.

(6) Trans-Canada agrees to deliver, or cause to be delivered, the gas to be transported hereunder to Trunk Line at such pressure as Trunk Line shall require from time to time, provided, however, that Trans-Canada shall not be obligated to deliver, or to cause to be delivered, gas from the various fields referred to in Schedule "B" hereto at pressure in excess of those shown in the said Schedule.

(7) Trunk Line agrees to deliver the gas to Trans-Canada, after transportation, as nearly as practicable at Trunk Line's line pressure provided that, subject to the performance by Trans-Canada of its covenants contained in paragraph six hereof, the said pressure shall not be less than 550 p. s. i. g.

(8) This contract shall continue and remain in force until the 14th day of May, A. D. 1981.

(9) The measurements and tests of the gas received and delivered hereunder shall be governed by the following:

(a) All measuring and testing equipment, devices and materials required herein at the points of receipt shall be of standard manufacture and of a type acceptable to Trans-Canada, and shall, with all related equipment, appliances and buildings be installed, maintained and operated or furnished, by Trunk Line at Trunk Line's expense.

(b) All measuring and testing equipment, devices and materials required herein at the point of delivery shall be of standard manufacture and of a type acceptable to Trunk Line, and shall, with all related equipment, appliances and buildings be installed, maintained and operated or furnished by Trans-Canada at Trans-Canada's expense.

(c) The accuracy of measuring and testing equipment installed shall be verified once each month at least and at other times upon request of either party. Notice of the time and nature of each test shall be given sufficiently in advance to permit

convenient arrangement for the other party's representative to be present. Measuring and testing equipment shall be tested by means and methods acceptable to both parties. Tests and adjustments shall be made in the presence of and observed by representatives of both parties, if present. If, after notice, either party fails to have a representative present, the results of the tests shall nevertheless be considered accurate until the next tests. For the purposes of this sub-paragraph the expression "representatives" shall include representatives of persons from whom Trans-Canada is purchasing gas from time to time for delivery to the facilities of Trunk Line.

(d) Tests of the quality of the gas for sulphur, hydrogen sulphide and water vapor content at points of receipt shall be made by Trunk Line when requested by Trans-Canada provided that Trunk Line shall not be required to make such tests more often than once daily. Trunk Line shall have the right to require Trans-Canada to remedy any deficiency of the gas in quality and, in the event such deficiency is not remedied, the right to require Trans-Canada to discontinue deliveries of such deficient gas until such deficiency is remedied.

Trunk Line shall at all times be entitled to refuse to accept delivery of gas which is deficient in the quality requirements hereof and thereby reduce the quantities of gas transported to the amount which Trans-Canada can deliver consistent with the quality requirements hereof.

(e) If at any time any of the measuring or testing equipment is

found to be out of service, or registering inaccurately in any percentage, it shall be adjusted at once to read as accurately as possible. If such equipment is out of service, or inaccurate by an amount exceeding two per cent (2%) at a reading corresponding to the average hourly rate of flow for the period since the last preceding test, the previous readings of such equipment shall be corrected to zero error for any period definitely known or agreed upon, or if not so known or agreed upon, for a period of sixteen (16) days or one-half ($1/2$) of the elapsed time since the last test, whichever is shorter. The volume of gas delivered during such period shall be estimated by:

- (i) using the data recorded by any check measuring equipment if installed and accurately registering, or if not installed or registering accurately;
- (ii) by correcting the error if the percentage of error is ascertainable by calibration test or mathematical calculation, or in the absence of both (i) and (ii) then
- (iii) by estimating the quantity, or quality, delivered based upon deliveries under similar conditions during a period when the equipment was registering accurately.

No correction shall be made for recorded inaccuracies of two per cent (2%) or less.

- (f) Each party shall have the right to inspect equipment installed or furnished by the other, and the charts and other measurement or testing data of the other, at all times during business hours, but the reading, calibration and adjustment of

such equipment and changing of charts shall be done only by the party installing and furnishing the same. Representatives of persons from whom Trans-Canada is purchasing gas from time to time for delivery to the facilities of Trunk Line shall have a similar right of inspection but only of equipment, charts, and other measurement or testing data in relation to gas delivered by such person to the facilities of Trunk Line.

Unless the parties otherwise agree each party shall preserve all original test data, charts and other similar records in such party's possession, for a period of at least twelve (12) months. Before destroying any such test data, charts and other similar records, the party holding same shall offer them for delivery to the other party.

(10) The standards of measurements and tests for the gas received and delivered hereunder shall be governed by the following:

(a) The unit of volume for purposes of measurement shall be one (1) cubic foot of gas at a temperature of 60⁰ (sixty degrees) Fahrenheit and at a pressure of fourteen and four-tenths (14.4) psia. For the purposes of measurement and meter calibration the atmospheric pressure at the point of measurement hereunder shall be assumed to be constant at fourteen and four-tenths (14.4) psi.

(b) The transportation unit of the gas delivered hereunder shall be one thousand (1,000) cubic feet.

(c) The gas shall be measured at the point of receipt or delivery (as the case may be) by orifice meters installed and maintained, and volumes thereof shall be computed (except for correction for

deviation from Boyle's Law) in accordance with the methods prescribed in Gas Measurement Committee Report No. 3, Natural Gas Department, American Gas Association, including the Appendix thereto, as published April 1955 and any subsequent amendments thereof which are accepted by and agreed upon between the parties.

(d) Correction shall be made for deviation of the gas from Boyle's Law at the pressure and temperature at which the gas is delivered at the point of receipt or delivery hereunder, and the factors for correction for such deviation shall be computed in accordance with the Tables and methods set forth in the California Natural Gasoline Associations Bulletins Ts-402 and Ts-461, using the daily arithmetical averages of temperature, pressure and specific gravity.

(e) The specific gravity of the gas delivered at each point of receipt or the point of delivery shall be determined by the use of a recording gas gravitometer, installed so that it may properly record the specific gravity of all gas delivered at such point.

The gravimeters installed at the points of receipt shall be of a type approved by Trans-Canada and shall be installed, operated and maintained by Trunk Line. The gravitometer installed at the point of delivery shall be a type approved by Trunk Line and shall be installed, operated and maintained by Trans-Canada. The arithmetical average of specific gravity recorded each day at each such point shall be used in computing volumes of gas measured at such point.

(f) The flowing temperature of the gas delivered at each point of receipt or the point of delivery shall be determined by

means of a recording thermometer of standard make acceptable to both parties. The recording thermometers located at each point of receipt shall be installed and maintained by Trunk Line. The recording thermometer located at the point of delivery shall be installed and maintained by Trans-Canada. The arithmetical average of readings each day at each such point shall be deemed the gas temperature and used in computing the volumes of gas delivered at such point.

(g) The gross heating value per cubic foot of the gas at a temperature of sixty (60°) degrees Fahrenheit, saturated with water vapor, and at an absolute pressure equivalent to thirty (30) inches of mercury at thirty-two (32°) degrees Fahrenheit delivered at each point of receipt or the point of delivery shall be determined by the use of a standard recording calorimeter, installed so it may properly record at said point. The calorimeters installed at the points of receipt shall be of a type approved by Trans-Canada and shall be installed, operated and maintained by Trunk Line. The calorimeter installed at the point of delivery shall be of a type approved by Trunk Line and shall be installed, operated and maintained by Trans-Canada. The total heating value per cubic foot of the gas at each such point shall be determined for any month by taking the weighted arithmetical average of the heating value as recorded each day by the calorimeter at such point.

(h) Tests to determine sulphur and hydrogen sulphide content of gas at each point of receipt shall be made by Trunk Line, and at

the point of delivery by Trans-Canada, by approved standard methods in general use in the gas industry, and the water vapor content shall be determined by the use of a dew-point apparatus approved by the Bureau of Mines of the United States of America or other method mutually acceptable to the parties hereto.

(11) The gas which Trans-Canada delivers or causes to be delivered, to Trunk Line for transportation hereunder:

(a) Shall be commercially free from dust, gums, water, crude oil, hydrocarbons liquefiable at temperatures in excess of fifteen (15) degrees Fahrenheit at eight hundred (800) psia. impurities and other objectionable substances which may become separated from the gas and interfere with its transmission through pipe lines.

(b) Shall be commercially free from hydrogen sulphide, containing not more than one (1) grain of hydrogen sulphide per one hundred (100) cubic ft.

(c) Shall not contain more than twenty (20) grains of total sulphur per one hundred (100) cubic ft.

(d) Shall not contain more than two per cent (2%) by volume of carbon dioxide.

(e) Shall have been dehydrated, if necessary, for removal of water present therein in a vapor state, so that it will in no event contain more than four (4) pounds of water vapor per one million (1,000,000) cubic feet of gas, when measured at a pressure of fourteen and four-tenths (14.4) psia and at a temperature of 60° (sixty degrees) Fahrenheit.

(f) Shall not exceed one hundred twenty (120°) degrees Fahrenheit in

temperature at the point of receipt.

(g) Shall have a gross heating value of not less than 950
BTU's per cubic ft.

(12) The gas which Trunk Line delivers to Trans-Canada, after transportation thereof, shall be of the same quality as the composite quality of the gas received by Trunk Line from or on behalf of Trans-Canada, subject only to such changes in quality as may result from the commingling of the gas so received by Trunk Line at the various points of receipt hereunder and the transportation of same in accordance with good pipe line practice. Trunk Line agrees not to process, treat or dilute the gas transported hereunder for the purpose of recovering any of the components thereof or to materially reduce the heating value thereof without the consent of Trans-Canada.

(13) (a) Trunk Line agrees to send to Trans-Canada all measuring and testing charts, data and information collected at each point of receipt as soon as practicable after daily collection thereof so that Trans-Canada can keep current information on the volumes, BTU content and quality of the gas delivered by suppliers of gas to Trans-Canada.

(b) On or before the 10th day of each month Trunk Line shall render a bill to Trans-Canada for service rendered during the preceding month. When information necessary for billing is in the control of Trans-Canada, Trans-Canada shall furnish such information to Trunk Line on or before the 5th day of each month.

(c) On or before the 20th day of each month Trans-Canada shall pay Trunk Line in lawful money of Canada at Trunk Line's office, Calgary, Alberta for the service rendered during the preceding

billing month as billed by Trunk Line.

(d) Should Trans-Canada fail to pay all of the amount of any bill when such amount is due, Trunk Line shall have the right to charge interest on the unpaid portion of the bill at the rate of Six (6%) per cent per year from the due date until the date of payment. If such failure to pay continues for thirty (30) days after payment is due, Trunk Line, in addition to any other remedy it may have, may suspend further receipt and delivery of gas until such amount is paid; provided, however, that if Trans-Canada in good faith shall dispute the amount of any such bill or part thereof and shall pay to Trunk Line such amounts as it concedes to be correct, then Trunk Line shall not be entitled to suspend further acceptance and delivery of gas.

(e) Both Trunk Line and Trans-Canada shall have the right to examine at reasonable times books, records and charts of the other to the extent necessary to verify the accuracy of any statement, charge or computation made pursuant to this paragraph.

(14) Deliveries of gas by Trans-Canada to Trunk Line for transportation, and deliveries of gas by Trunk Line to Trans-Canada, after transportation, shall be in as nearly equal hourly quantities as is practical.

(15) Trans-Canada will indemnify and save harmless Trunk Line from and against all claims of every nature and description, including Trunk Line's costs of disputing such claims or defending any actions in respect thereof, made against Trunk Line by any person or persons claiming title to or any interest in the gas which Trans-Canada delivers or causes to be delivered to Trunk Line. Trunk Line will not suffer or permit any lien or encumbrance to be placed on or against the said gas in respect of any claim

against Trunk Line and will indemnify and save harmless Trans-Canada from and against any such liens, encumbrances or claims, including Trans-Canada's costs of disputing such claims or defending any actions in respect thereof.

(16) Neither party shall be liable for damages to the other for any act, omission or circumstances occasioned by, or in connection with or consequence of, any acts of God, strikes, lockouts, or other industrial disturbances, acts of the Queen's enemy, sabotage, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, floods, storms, fires, washouts, arrests and restraints of rulers and peoples, civil disturbances, explosions, breakages or accident to machinery, or lines of pipe, hydrate obstructions of lines of pipe, temporary failure of gas supply, freezing of wells or delivery facilities, well blowouts, craterings, inability to obtain materials, the orders of any Court, Board, or governmental authority having jurisdiction, any act or omission which is excused by any event or occurrence of the character herein defined as constituting force majeure, or any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; but, provided, however, that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirements that any force majeure shall be remedied with the exercise of diligence shall not require the settlement of strikes or lockouts by acceding to the demands of opposing parties when such course is inadvisable in the discretion of the party having the difficulty.

Such causes or contingencies affecting the performance of this agreement by any party hereto, however, shall not relieve such party of

liability in the event of its concurring negligence or in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting the performance of this agreement relieve any party hereto from its obligations to make payments of amounts then due hereunder, nor shall such causes or contingencies relieve any party of liability unless such party shall give notice and full particulars of the same in writing or by telegraph to the other party as soon as possible after the occurrence relied on, and like notice shall be given upon termination of such force majeure conditions.

(17) Trunk Line shall give Trans-Canada as much notice as possible, but not less than forty-eight (48) hours except in case of emergency, when Trunk Line needs to temporarily curtail or interrupt service to Trans-Canada hereunder in any portion of the facilities described in paragraph two hereof for the purpose of making necessary alterations or repairs and such interruption or curtailment (except when caused by emergency) shall not take place until Trans-Canada has assented thereto which assent shall not be unreasonably withheld. Trunk Line shall endeavour to arrange such curtailments or interruptions so as to inconvenience Trans-Canada as little as possible and to continue same only for such time as is necessary. Trunk Line shall give to Trans-Canada as much notice as possible before resuming service after the same has been curtailed or interrupted.

(18) Trunk Line and Trans-Canada shall notify each other from time to time, as necessary, of expected changes in the rates of daily delivery or takings of gas or in the pressures or other operating conditions and the reason for such expected changes as soon as such reasons come to the knowledge of either Trans-Canada or Trunk Line to the end that the other may be

prepared to meet or to take advantage of such expected changes, when, as and if they occur.

(19) No waiver by either Trunk Line or Trans-Canada of any one or more defaults by the other in the performance of any provision of this contract shall operate or be construed as a waiver of any continuing or future default or defaults, whether of a like or of a different character.

(20) Trans-Canada shall pay to Trunk Line for gas transported and service rendered each month, Trunk Line's cost of service in rendering such service. Such payments shall be calculated for each month as the sum of the following amounts:

(A) OPERATING EXPENSES.

Trunk Line's reasonable and necessary gas operating expenses in respect of the gas gathering and gas transmission system described in paragraph two hereof, for such month reflected in Accounts 733 to 809 inclusive.

(B) DEPRECIATION:

Commencing at the expiration of the four year period provided for in sub-paragraph (G) hereof, one-twelfth (1/12) of Trunk Line's annual depreciation expense in respect of the gas gathering and gas transmission system described in paragraph two hereof, computed by the application of annual straight line depreciation rates to Trunk Line's actual legitimate investment in depreciable plant (including intangible plant) at the first day of such month. The annual depreciation rates are as follows:

- | | |
|---|-----------|
| (1) Office furniture and equipment, tools and work equipment, | - 10% |
| (2) Transportation equipment | - 33-1/3% |

- (3) Trunk Line's remaining legitimate investment

- 4%

(C) TAXES:

Accruals recorded for such month with respect to income and other taxes associated with Trunk Line's ownership and operation of the gas gathering and gas transmission system described in paragraph two hereof and adjustments of accruals for tax expenses previously billed.

(D) RETURN:

Return at an annual rate of seven and one-half (7-1/2%) per cent computed for such month by the application of the monthly rate of 0.625% to Trunk Line's net investment rate base computed as of the date of Trunk Line's initial operation and as of the first day of each billing month thereafter, by adding together the items listed below:

- (1) Trunk Line's actual legitimate original investment in gas plant in service, gas plant held for future use, gas plant leased to others and other utility plant, all in respect of the gas gathering and gas transmission system described in paragraph two hereof, less the balances in depreciation reserves and contributions in aid of construction.
- (2) An allowance for working capital consisting of the sum of
 - (a) necessary materials and supplies for operating purposes of the gas gathering and gas transmission system described in paragraph two hereof, and
 - (b) cash working capital equal

to one eighth (1/8) of cash operating expenses of the said system described in paragraph two hereof for the preceding twelve (12) months, exclusive of the cost of any purchased gas and exclusive of any transmission or compression of gas by others; provided that for each month during the first twelve (12) months of service by Trunk Line and during the first twelve (12) months following any major plant expansion the amount utilized shall be one hundred and fifty (150%) per cent of the cash operating expenses during the month.

(E) CREDITS:

Credit shall be allowed by Trunk Line to Trans-Canada for all revenues collected from customers other than Trans-Canada for transportation of gas through all or part of the gas gathering and gas transmission system described in paragraph two hereof.

(F) ADJUSTMENT FOR ACCRUED AND DEFERRED ITEMS

Income and expense accounts for each month shall reflect accrued and deferred items. Accruals shall be adjusted to reflect the difference between accruals and actual amounts when conclusive determinations and settlements are made.

(G) DEVELOPMENT PERIOD REDUCTION IN CHARGES

For a period of four (4) years after the date when Trans-Canada is obligated to deliver, or cause to be delivered, gas to Trunk Line for transportation, or after the date when Trans-Canada first delivers, or causes to be delivered, gas to Trunk Line for transportation (whichever date first occurs) the cost of service rate hereinabove provided for shall be disregarded and Trans-Canada shall pay Trunk Line four cents (4¢) per m. c. f. of gas transported, provided however, that Trans-Canada shall pay Trunk Line, during the said four year period, the following minimum amounts regardless of the volumes of gas delivered, or caused to be delivered by Trans-Canada to Trunk Line for transportation during the said period:-

(1) During the first year (by twelve equal monthly payments)	\$ 210,480.00
(2) During the second year (by twelve equal monthly payments)	2,312,640.00
(3) During the third year (by twelve equal monthly payments)	3,326,400.00
(4) During the fourth year (by twelve equal monthly payments)	3,621,760.00

(H) IDENTIFICATION OF ACCOUNTS

The Account Numbers utilized herein are those specified in the Uniform System of Accounts prescribed by the Federal Power Commission for natural gas pipe line companies operating in the United States.

(21) Trunk Line may use such quantities of Trans-Canada's gas from time to time as:

- (a) are required for fuel used in buildings owned or operated by Trunk Line as part of its gas gathering and gas transmission system described in paragraph two hereof.

(b) are required for fuel used in the operation of compressor stations if, as and when the same are installed by Trunk Line as part of its gas gathering and gas transmission system described in paragraph two hereof.

(c) are lost through explosion, fire or other calamity.

(d) are line losses and other unaccounted for gas.

(e) are required to purge and test the said gas gathering and gas transmission system described in paragraph two hereof or any part thereof.

Trunk Line will each month pay Trans-Canada at the weighted average price paid by Trans-Canada for gas during such month for all gas so used by Trunk Line after the expiration of the four year period referred to in paragraph twenty, sub-paragraph (G) hereof. Trunk Line shall not make any payment in respect of reasonable quantities of gas used for the purposes set forth in sub-paragraphs (a), (b), (c), and (d) during the said four year period. Any sums so paid by Trunk Line in respect of gas used for the purposes set forth in sub-paragraphs (a), (b), (c) and (d) hereof shall be deemed to be reasonable and necessary operating expenses for such month. Any sums so paid by Trunk Line in respect of gas used for the purposes set forth in sub-paragraph (e) hereof shall be deemed to be a reasonable and necessary part of the cost of construction of the said gas gathering and gas transmission system.

(21A) Commencing on the 1st day of September in each year Trans-Canada will deliver, or cause to be delivered, to Trunk Line such quantities of gas, at the pressures set forth in Schedule "B", as are required by Trunk Line to purge and test the portion of Trunk Line's gas gathering and gas transmission system constructed by Trunk Line during that year.

(22) For the purposes of paragraph three and of paragraph twenty, sub-paragraph (G) hereof gas volumes shall be those measured at the point of delivery by Trunk Line to Trans-Canada.

(23) If any dispute arises between the parties to this contract, which is not within the jurisdiction of the Board of Public Utility Commissioners of the Province of Alberta, relating to matters in connection with the interpretation or construction of the provisions hereof, such dispute shall be submitted for determination to a board of three (3) arbitrators chosen as follows:

Upon the written demand of either party and within ten (10) days from the date of such demand, each party shall name an arbitrator and the two arbitrators so named shall promptly thereafter choose a third. If either party shall fail to name an arbitrator within ten (10) days from such demand, the other party shall name the second arbitrator as well as the first, or if the two arbitrators shall fail within ten (10) days from their appointment to agree upon and appoint the third arbitrator, then upon written application by either party such third arbitrator may be appointed by any Justice of the Trial Division of the Supreme Court of Alberta.

The Board of Arbitrators so chosen shall proceed immediately to hear and determine the question or questions in dispute. The decision of the Board of Arbitrators or majority thereof shall be made within forty-five (45) days after the appointment of the third arbitrator, subject to any reasonable delay due to unforeseen circumstances. In the event the Board or majority thereof shall fail to make a decision within sixty (60) days after the appointment of the third arbitrator, new arbitrators may at the election of either party be chosen in like manner as if none had been previously selected.

The decision of the arbitrators shall be drawn up in writing and signed by the arbitrators or majority of them and shall be final and binding

as to the parties hereto and as to any question or questions so submitted to said arbitrators, and said parties shall abide by such decision and perform the terms and conditions thereof. Unless otherwise determined by the arbitrators, all expenses in connection with such arbitration, including a reasonable compensation to the arbitrators, shall be divided equally between the parties hereto, with the exception of the expenses of counsel, witnesses and employees of the parties hereto, which, unless otherwise determined by the arbitrators shall be borne by the party incurring them.

(24) Every request, notice, statement or bill provided for in this agreement shall be in writing directed to the party to whom given, mailed or delivered to Trunk Line at 320-Ninth Avenue West, Calgary, Alberta, Canada, or Trans-Canada at P.O. Box 500, Calgary, Alberta, Canada. Either party may change its address by giving written notice to the other party. Any such notice shall be deemed to have been received in the ordinary course of mail.

(25) This contract shall be binding upon and enure to the benefit of the successors and assigns of each of the parties hereto. Nothing herein contained shall prevent either party from pledging or mortgaging its rights hereunder as security for its indebtedness.

(26) This contract shall be construed in accordance with the laws of the Province of Alberta.

(27) This agreement is made subject to the provision of Section Thirty (30) of The Alberta Gas Trunk Line Company Act, being Chapter 37 of The Statutes of Alberta, 1954; and amendments thereto.

(28) This is the definitive contract referred to in letter agreement

between the parties dated March 26th, 1956, and upon the execution of
this agreement the said letter agreement shall be of no further force or
effect.

IN WITNESS WHEREOF the parties hereto have caused these
presents to be executed and their corporate seals to be hereunto affixed,
attested by the hands of their proper officers duly authorized in that
behalf, the day and year first above written.

THE ALBERTA GAS TRUNK LINE COMPANY LIMITED

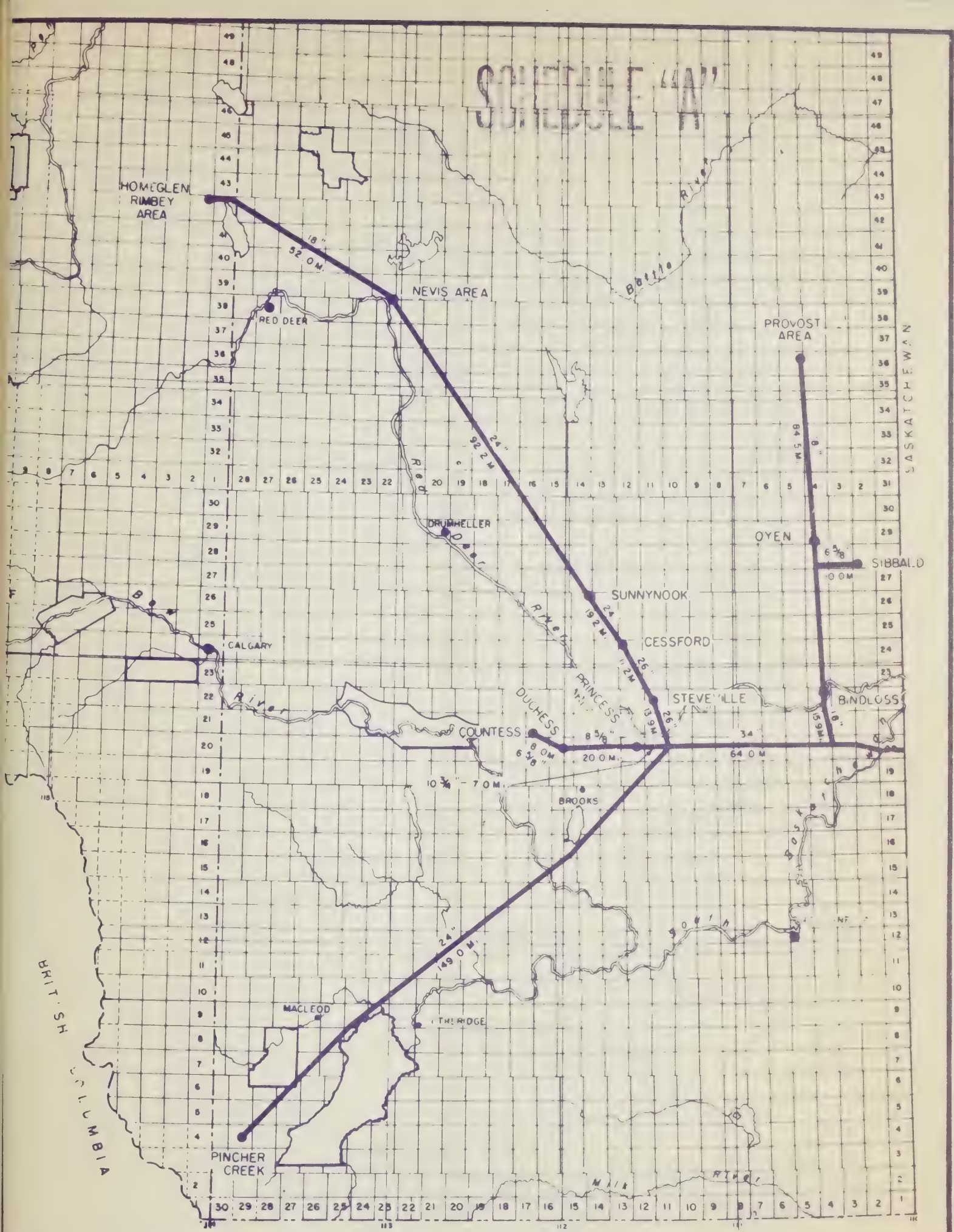
Per: "Vernon Taylor"
"President"
C/S

Per: "J. C. Mahaffy"
"Secretary-Treasurer"

TRANS-CANADA PIPE LINES LIMITED

Per: "N. E. Tanner"
"President"
C /S

Per: "J. C. Saks"
"Assistant Secretary"



DUTTON - WILLIAMS - MANNIX

Engineers
CALGARY

Constructors
ALBERTA

ROUTE MAP

THE ALBERTA GAS TRUNK LINE COMPANY LTD.

Drawn A. L. B.

Date NOV 2nd 1955

Checked: C. H. M. B.

EN-100-A-00-L-1

Revised: March 15th. 1956

Scale: 1" = 42 Miles

Approved

ORDER NO. 100
L D

Home Glen Rimbey
Gilbey

09.0 MAX

90.0 MAX

Nevis Area
(82)

(756)

100.0 MAX Provost Area

27 MAX Oyer (708)

69 MAX Sibbald (702)

25.0 MAX Birdloss (604)

Sunnyside

Cessford

Stevenville

Princess

Allee - Buffalo

13.7 MAX

20.5 MAX

Courtesy Dundess

4.0 MAX

2.4 MAX

Pincher Creek

18.0 MAX

Alberta

Saskatchewan

Delivery Pressure
to be not less
than 550 psig (sag)

LEGEND

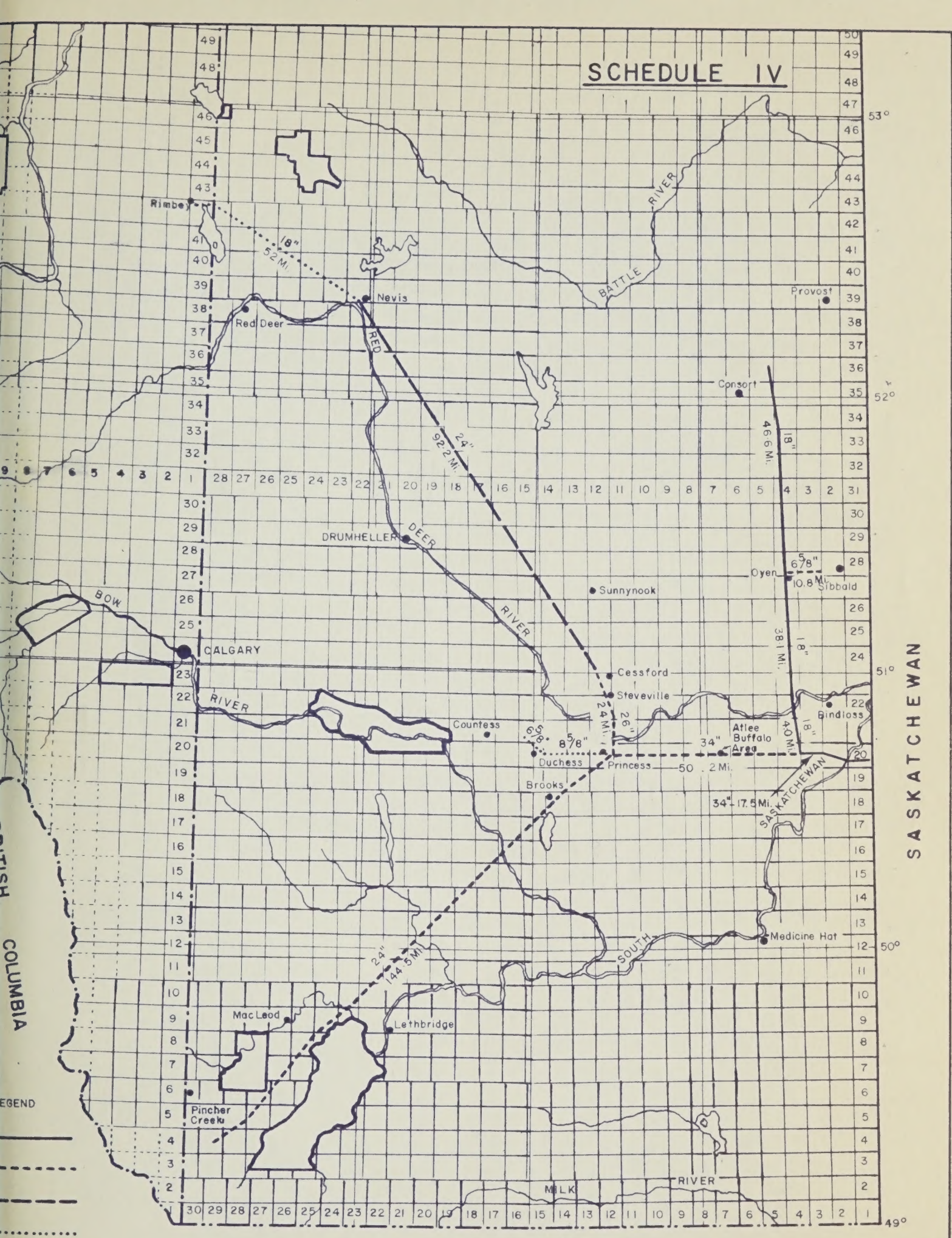
Calculated Pressures, psig, shown thus - ()
Estimated Maximum Quantities of
Field Collecting Points in MMCFD

JUTTON - WILLIAMS - MANNIX	
Engineers	Constructors
March 15, 1958	
Scale	None

COMPOSITE FLOW STUDY	
THE ALBERTA GAS TRUNK LINE COMPANY LIMITED	
Received	March 15, 1958
Drawn	EN-100-A-00-L-3

REVISION NO. 1 - QUANTITIES AT FCP REVISED DATE JAN. 29, 1957 APPROVED 6041 1/2/57

United States



ROUTE MAP THE ALBERTA GAS TRUNK LINE CO. LTD.

DRAWN
D. SHABEN
CHECKED
DATE
FEB. 12, 1958

